Volume 13 No. 6, February 15, 2007

JOINT MILK CONTROL BOARD/DAIRY FARMERS OF SASKATCHEWAN PRODUCER MEETINGS

The Board and DFS are pleased to announce that they will once again hold the next session of producer meetings as a joint effort. Please plan to attend. The schedule of meetings and a proposed agenda follow on pages 9 & 10.

QUOTA EXCHANGE

The sixth butterfat Quota Exchange of the 2006-2007 dairy year was conducted on February 15, 2007. The market-clearing price established for unused quota was **$70.00**. The market-clearing price established for used quota was **$59.00**. The results of the February 2007 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2006-2007 dairy year will be held on March 15, 2007. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, March 6, 2007. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$70.00**
Kilograms offered to Purchase – total	**5,350**
Kilograms offered to purchase at 5% adjustment	**2,950**
Kilograms offered to Sell	**1,300**
Kilograms sold	**1,300**
Number of Producers	
- offered to purchase	**5**
- purchased quota	**2**
- offered to sell	**3**
- sold quota	**3**

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
65.00	1	1	100	100	-2,850	2,950	500	5	1
66.00	1	2	200	300	-2,150	2,450	0	4	0
67.50	0	2	0	300	-2,150	2,450	500	4	1
69.00	1	3	1,000	1,300	-650	1,950	150	3	1
70.00	**0**	**3**	**0**	**1,300**	**-500**	**1,800**	**1,600**	**2**	**1**
72.50	0	3	0	1,300	1,100	200	200	1	1

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$59.00**
Kilograms offered to Purchase – total	**900**
Kilograms offered to Sell	**15,498**
Kilograms sold	**198**
Number of Producers	
- offered to purchase	**2**
- purchased quota	**1**
- offered to sell	**6**
- sold quota	**1**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
52.29	1	1	198	198	-702	900	0	2	0
55.00	0	1	0	198	-702	900	500	2	1
59.00	**0**	**1**	**0**	**198**	**-202**	**400**	**400**	**1**	**1**
60.00	1	2	800	998	998	0	0	0	0
61.00	1	3	800	1,798	1,798	0	0	0	0
62.00	1	4	100	1,898	1,898	0	0	0	0
65.00	1	5	100	1,998	1,998	0	0	0	0
70.00	1	6	13,500	15,498	15,498	0	0	0	0

QUOTA SWAP EXCHANGE

The sixth Quota Swap Exchange of the 2006-2007 Dairy Year was conducted on February 15, 2007. There was no market-clearing price established (Table III).

The next monthly Quota Swap Exchange will be held on March 15, 2007. All offers to swap quota through the Quota Exchange must be received at the Board office by midnight, March 6, 2007. The Board recommends that offers and bids to swap be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Swap Exchange, the price on offers to swap out unused quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Quota Swap Exchange.

Conversely, the price on offers to swap in unused quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Quota Swap Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered to swap out and the accumulated volume offered to swap-in.

TABLE III

QUOTA SWAP EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$——**
Kilograms offered to swap in	**——**
Kilograms offered to swap out	**——**
Kilograms swapped	**——**
Number of Producers	
- offered to swap in	**—**
- swapped in quota	**—**
- offered to swap out	**—**
- swapped out quota	**—**

SASKATCHEWAN MILK POOL RESULTS January 2007

TABLE IV

Milk Sale Revenue	$ 13,123,284.03
Western Milk Pool	$ 660,095.16
Dairy Farmers of Canada Skim Off	$ - 19,753.29
Plant of Last Resort Service	$ -56,821.78
Total Pool Value	**$ 13,706,804.12**

BUTTERFAT PRODUCTION AND COMPONENT PRICING, January 2007

Butterfat production for January 2007 totalled approximately 709,513 kilograms. This was approximately 3.74% lower than January 2006 shipments. **For the first six months of the 2006-2007 dairy year, Saskatchewan's allocation of Total Production Quota totalled approximately 4,163,831 kilograms. For the first six months, the province has shipped 97.21% of that amount.** The weighted average component tests and prices for the province in January are indicated in Table V.

TABLE V

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7879	$10.734453
Protein	3.3633	$ 7.734453
Other Solids (S.N.F.)	5.6896	$ 1.143016

Based on the average component tests for the province, the average price received was $73.1777 per hectolitre. The average butterfat price received per kilogram was $19.32.

Over quota (4m) holdings are $967,252 for the first six months of the 2006/2007 dairy year.

How Producers' monthly component prices are determined

Even though producers deliver litres of milk to the processor, they are paid on the basis of **milk components** – butterfat, protein and other solids. The monthly volume and value of these components will vary depending on how they are utilized by the processor in various dairy products. Each use has a class (e.g. fluid milk is Class 1), and components used in each class possess different values.

Each month, the processor sends the Board their records of how the milk was used in the various products manufactured – the volume and value of milk components used in each use class. The Board staff then inputs the processor utilization information into the producer payment system. The Board verifies the processor information to ensure the litres and components used in the month are equal to the litres and components shipped by producers for that month.

The combined monthly dollar amount from component sales in each class is the **Milk Sale Revenue** paid to the Board by the processor (Plant charge), and is the starting point for calculating producers' monthly component and blend prices.

From the **Milk Sale Revenue**, the Board will deduct Western Milk Pool expenses or add Western Milk Pool revenues, depending on the blend value of Saskatchewan milk relative to that of other provinces in the Pool. The Board also deducts monthly Plant of Last Resort expenses and Dairy Farmers of Canada skim-off charges to give a net **Total Pool Value** – the revenues available for payment to producers on the basis of components shipped during the month.

Why do component prices fluctuate from month to month?

- The funds received from Special Classes (low value) will vary nationally from month to month. Large volumes produced in other provinces will reduce the overall milk value in other provinces relative to Saskatchewan as part of the pool.
- The funds received from or contributed to the Western Milk Pool can also vary from month to month, thus adding to or subtracting from the revenues available to Saskatchewan producers.
- How the processor utilizes the milk received will vary from month to month. A higher percentage going into lower component value classes will reduce the overall component returns and the blend price for the month.

The accuracy of Board calculations and producer payments are confirmed by the auditing of monthly pool calculations by the **Provincial Auditor** during the course of auditing all Board financial transactions throughout its fiscal year.

If you have any questions or require further clarification, please contact the Board office.

ACCOUNTING VALUES FOR CLASSES OF MILK – February 2007

TABLE VI

	Butterfat ($/kg)	**($ per hl. Skim milk)**	
Class 1a	$5.3000	$54.53	
Class 1b	$5.3000	$54.53	
Class 1c	$5.3000	$44.50	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.4013	$5.4013
Class 3a	$7.2333	$12.6330	$0.8428
Class 3b	$7.2333	$12.4025	$0.8428
Class 4a, 4b, 4d & 4d(i)	$7.2333	$5.0219	$5.0219
Class 4a(i)	$7.2333	$1.7000	$1.7000
Class 4c	$7.2333	$4.3370	$4.3370
Class 4m	$0.00	$0.00	$0.00
Class 5a	$3.4267	$5.8582	$0.6724
Class 5b	$3.4267	$2.2209	$2.2209
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

QUOTA ADJUSTMENT FEBRUARY 1, 2007

Producers' Total Production Quota (TPQ) will increase by approximately **0.48%** effective February 1, 2007.

This increase is due primarily to the draw down of both processor and CDC butter stocks during the holiday season. Another contributing factor is the strengthening market demand for butterfat in several dairy products.

Individual producer's total owned production quota will be increased by **0.481946%** effective February 1, 2007. Quota licenses will be sent in the near future to reflect this quota increase.

QUOTA ADJUSTMENTS DUE TO JANUARY 10/11/07 BLIZZARD

The January blizzard resulted in a significant interruption in the normal milk pick up in the northern and central areas of the province, with several producers having to dump milk.

In recognition of this market interruption, producers who dumped milk will be given credit for the quota that was not used, because the milk was not marketed. Producers will have the opportunity to use this quota over the next six months of the dairy year.

In addition, for producers who were at risk of not filling 97% of their first six month quota allocation will have their dumped milk taken into account when calculating their butterfat production for the period.

QUOTA MANAGEMENT PROFILE

Please find enclosed your quota management profile for January, 2007. This profile indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

For the 2006-2007 dairy year, the Board will continue to provide this information on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota. Again, we will use actual figures where possible, and estimates for the balance of the dairy year. These estimates will use butterfat average for the past five dairy years and your production figures for the past dairy year.

If you have any questions concerning the information provided, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

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Want to swap used for unused quota (swap in)

- Ken Ferch (306) 736-2205
- David @ Earview Colony (306) 672-3516
- Levi @ Bench Colony (306) 297-3270
- Wes Cairns (306) 656-4807

- Ken (306) 229-4591 or Ed (306) 227-9432
- Keith Thoner (306) 259-2171
- Stan Sinclair or Jayden (306) 332-4220
- Dan @ Pennant Colony (306) 626-3215 Ext. 260 or Ext. 223
- Danny Hofer approximately 200 kilograms (403) 502-9997
- Leonard Blocka – approximately 800 – 1000 kilograms (306) 764-8439
- Joe – West Bench Colony (306) 295-4135
- Alvin Schultz (306) 254-4301
- Mike @ Webb Colony (306) 674-2236
- Roger Genoway (306) 593-2289

Want to swap unused for used quota (swap out)

- Jim Gorrill (306) 725-4828
- William Slootweg (306) 597-4416
- James Hein (306) 365-3209

For Sale

- Alfalfa hay bales 1,400 pounds – young crop. Hay located in Tessier, Saskatchewan. Contact Carol Robbins (403) 859-2097

- 10 Registered Holstein heifers due October/November. Contact Mark Johnson, Strasbourg (306) 725-4042

- Complete dairy farm, machinery, 16,309 kilograms of quota and 80 cows. Will consider selling only cows and quota. Phone (306) 795-2976

- 2006 first cut alfalfa – 400 round bales 1500 -1600 pounds each. Feed tests available. Also, first cut alfalfa grass – 400 round bales 1500 -1600 pounds each. Feed tests available. Delivery available. Contact Ray Kostiuk @ (306) 595-4663.

- 21,114 kilograms of quota, with or without cows. Phone (306) 764-7865 or (306) 764-1017.

- Bred heifers for sale. Contact Chad or Dennis @ (306) 598-2054.

- Cows and quota for sale. Contact Jerome Fisher @ (306) 365-4674.

- 300 second cut round alfalfa bales 19.4% protein. $60/tonne. Have feed tests available. Can arrange delivery. Contact Bob Tweedie (306) 493-2716. Delisle, Saskatchewan.

- 15,000 kilograms used quota for sale. Contact Ken Ferch @ (306) 736-2205

- Hay for Sale – 250 round, 90% alfalfa, 10% Italian rye, 1st and 2nd cut, from irrigated land. 133 – 138 RFV. Call Ray at (306) 858-2636.

Looking for work on dairy farm

Young BC couple seek work together on dairy farm. Have experience and will consider all options. Call (250) 337-5595 or email angus.l.e.halliday@hotmail.com

Wanted to Rent

- Wanted to rent, as soon as possible, dairy farm in good operating condition, preferably around the Saskatoon area. Free stall barn and parlour for 60 – 100 cows needed. Please phone: (604) 820-2387 or fax: (604) 826-1254.

Partnership

- Looking for a person to form a dairy farm partnership. Must have some financial resources to make a 50/50 or 40/60 or similar partnership. Will consider investing in an existing farm operation. Please call (604) 826-5184.

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy researcher/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

1210-2500 Victoria Avenue
Regina, Saskatchewan S4P 3X2

Telephone (306) 787-5319
Fax: (306) 787-1988

Website: www.saskmilkcontrolboard.ca

email: milk.control.board@sasktel.net

NOTICE OF MEETINGS
SPONSORED BY
THE SASKATCHEWAN MILK CONTROL BOARD
AND DAIRY FARMERS OF SASKATCHEWAN
MARCH 22 – MARCH 30, 2007

JOINT MEETING AGENDA

1. Registration – 9:45 a.m. (Saskatoon meeting 9:15 a.m.)
2. Update: Markets and Production – Milk Control Board
3. Milk Control Board Policy – 2006-2007 Dairy Year
4. Dairy Farmers of Saskatchewan Update – Albert Leyenhorst and Wendy Kelly
5. Dairy Farmers of Saskatchewan Director Candidates
6. Question Period
7. Other Business
8. Adjourn

Lunch will be served at 12 noon at all meetings.

SCHEDULE OF MEETINGS

DATE	TIME	DISTRICT	LOCATION
Thursday, March 22	10:00 a.m.	Yorkton	St. Mary's Parish, Ukrainian Catholic Cultural Center 240 Wellington St. Yorkton
Friday, March 23	10:00 a.m.	Swift Current	F.O.A. Eagles 1910 S. Service Rd. W. Swift Current
Wednesday, March 28	10:00 a.m.	Francis	Francis Hall, Francis
Thursday, March 29	10:00 a.m.	Saskatoon	Hilton Garden Inn Commonwealth Room 90-22nd Street East Saskatoon
Friday, March 30	10:00 a.m.	Melfort	Travelodge 101 Spruce Haven Road Melfort